

How to manage your
**Student
Loan Debt**



*“I’m struggling
with my student loan debt.*

What are my options?”

*At CareOne, this is a question
we hear often from
our customers.*

We understand the frustration and stress of dealing with debt. Many of us, including our founder, Bernie Dancel, have struggled with debt and understand what it feels like when you think you’re all alone and out of options. We worked hard to win our own individual battles with debt, and our experience motivates us to help others find their own way out of debt, regardless of the cause.



CareOne Team Members

*This guide will walk you
through your student loan
repayment options to help you
make an informed decision
on how to move forward.*

While higher education helps create new opportunities, often it also creates new debt. If you’re experiencing difficulty making your student loan payments, your first course of action should be to contact your lender and calmly explain the situation. Not sure who your lender is? The [National Student Loan Database](#)¹ can help you find the appropriate contact information and includes comprehensive coverage of financial aid and how to handle repayment. A good lender should work with you to try and keep you on track. However, if they don’t work with you, or if you’re already behind on your payments, and unable to manage on your own, there are several options available to help you get back on track.

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RESOURCE GUIDES*

[CLICK HERE](#)

STUDENT LOAN DEBT REPAYMENT OPTIONS

CONSOLIDATE YOUR UNSECURED DEBT

Your first course of action may be to research debt relief options like a CareOne Debt Management Plan (DMP) or Debt Settlement Plan (DSP). In most cases, regulatory constraints do not allow student loan debts to be included in a debt relief plan, but that doesn't mean a DMP or DSP couldn't help your overall financial situation. For example, if you tackle your unsecured debt, you may find yourself in a better position to afford your student loan payments. By consolidating credit card and other unsecured debt into one monthly payment using a debt relief plan, many people find the relief they need to meet their student loan obligations. Call one of our Certified Personal Finance Counselors® at 1-800-845-1478 to learn more.

CALL A "TIME-OUT" WITH DEFERMENT

Depending on your loan type, you might be able to temporarily stop making payments on your student loans and—in most cases—can put a freeze on accruing additional interest during that time. For example, the principal and interest owed on federal student loans, like [Stafford and Perkins loans](#),² can be [deferred](#)³ if you're enrolled in school at least half-time, are unemployed, are experiencing economic hardship, or meet other conditions. If you have private student loans, your options will vary because not all lenders offer deferment options. Talk to your lender for details regarding your specific loan terms. If you do opt for a deferment, consider using this time to tackle your other unsecured debt so that when the deferment period is over you'll be ahead of the game.

ASK ABOUT FORBEARANCE

If your federal loans don't qualify for deferment, ask your lender about [loan forbearance](#)⁴. This approach can similarly delay or lessen your payments for a set period of time. However, unlike deferment, interest still accrues during your period of non-payment, and you're ultimately going to be held responsible for repaying that amount. Generally, forbearance can be granted for intervals of up to 12 months at a time, for up to three years, and must be applied via your loan servicer. Also, you will have to continue payments until you're notified that forbearance has been granted.

ADDITIONAL OPTIONS

COMBINE YOUR LOANS

The U.S. Department of Education (ED) offers Special Direct Consolidation loans to eligible borrowers. If you have multiple ED loans this may be a viable option for you. The offer allows you to consolidate your many loans to multiple creditors into one loan that you pay to the Department of Education. You make one payment to one entity (ED) on one due date. These plans stretch your monthly payments over a longer period of time than your original loan, therefore lowering your monthly payment. Private and federal loans can often be included. While a lower payment amount sounds good, realize you'll pay more over the life of the loan because you'll pay more interest over the long run. But the benefits include a reduced monthly payment amount and the ease of making one payment without worrying about multiple due dates, which can make day-to-day budgeting easier. However, be aware that you can only use this option once. For eligibility and application information, visit the U.S. Department of Education website: studentaid.ed.gov.

SEEK A REPAYMENT PLAN BASED ON YOUR SALARY

If you have a job, but aren't earning enough to afford student loan payments, consider an [Income Based Repayment](#)⁵ (IBR) plan. These plans are specific for federal student loans and place an upper threshold on your required monthly payment based on income and family size to make payments more affordable. The U.S. Department of Education has an [online calculator](#)⁶ to help you estimate whether you qualify for this program. It's important to recognize that just because your monthly repayment amount can decrease, that reduced amount must still be paid over the life of your new loan. So, similar to a consolidation loan, this approach stretches out your repayment period to make payments more affordable today. And if you make timely IBR payments for 25 years, any unpaid amount after that period can be forgiven completely if you meet certain specific conditions. To find out if you qualify, you should contact your lender.

PURSUE LOAN FORGIVENESS

There may be ways to have unpaid student loan amounts completely erased from your overall debt. For example, [legislation](#)⁷ has been proposed in Congress to wipe out any outstanding student loan debt if borrowers previously made payments equal to at least 10% of their discretionary income for 10 years, totaling 120 payments. While representatives in Washington work out this bill, you may be able to receive loan forgiveness today. For example, if you work in public service, you may be eligible for the [Public Service Loan Forgiveness Program](#)⁸. It works similarly to the proposed legislation above, and benefits people serving in a full-time AmeriCorps or Peace Corps volunteer position, those serving in the military, those working as paid employees in public safety, education or health organizations, as well as individuals in law enforcement, emergency management, government, and more. You can read additional job-related loan forgiveness details [here](#)⁹.

UNDERSTAND BANKRUPTCY*

A "last-resort" option may be bankruptcy, but note that most student loans cannot be a realistic option for the majority of Americans because most student loans cannot be discharged in bankruptcy. There is an exception for cases involving "undue hardship," but it is typically very difficult to meet this exception, and most student loan borrowers must continue to pay off their student loans even if they are able to discharge their other debts.

**This is not legal advice. You should consult with your legal advisor for questions concerning bankruptcy.*

In 2011, it was estimated that [37 million](#)¹⁰ Americans had balances on their student loans and about 5.4 million had at least one past due loan balance. While student loan debt may seem insurmountable, there are resources and options available.

At CareOne, our experience getting out from under the burden of debt is what motivates us to provide you with the very best service, education, and ongoing support.

Call one our Certified Personal Financial Counselors[®] today and they'll walk you through your options. They'll review your unique situation to see if consolidating your other unsecured debts will help lessen the burden on your overall budget to make it easier for you to keep up with your student loan payments. If a debt relief plan isn't the right choice for you, we're still here to support you; providing cost-cutting tips, tools, and articles, as well as access to our robust Online Community to help you get back on the right financial track.

Please feel free to contact us at
1-800-845-1478
with any questions.



Sources:

1. [National Student Loan Database](http://www.nsls.ed.gov/nslds_SA/), http://www.nsls.ed.gov/nslds_SA/
2. [Perkins Loan Information](http://studentaid.ed.gov/publicservice), [studentaid.ed.gov](http://studentaid.ed.gov/publicservice)
3. [Federal Loan Deferment Options](http://staffordloan.com), staffordloan.com
4. [Federal Stafford Loan Forbearance](http://staffordloan.com), staffordloan.com
5. [Income Based Repayment Plan](http://studentaid.ed.gov), studentaid.ed.gov

6. [Income Based Repayment Calculator](http://studentaid.ed.gov), studentaid.ed.gov
7. [Student Loan Forgiveness Act Aims to Eliminate Some of Your Debt](http://careonecredit.com/knowledge), careonecredit.com/knowledge
8. [Loan Forgiveness for Public Service Employees](http://studentaid.ed.gov/publicservice), studentaid.ed.gov/publicservice
9. [Loan Forgiveness](http://finaid.org), finaid.org
10. [Grading Student Loans](http://libertystreeteconomics.com), libertystreeteconomics.com, 3/5/12



CareOneCredit.com | 1-800-845-1478

To learn about your debt consolidation options, contact one of our Certified Personal Finance Counselors during the following operating hours:

MONDAY-FRIDAY

8 a.m.-Midnight EST

SATURDAY

9 a.m.-7 p.m. EST

SUNDAY

9 a.m.-6 p.m. EST



6-month, 100% Satisfaction Guarantee

We're so confident that we can help you achieve your goal of becoming debt-free in a reasonable time, that we back it up with a 6-month 100% money back guarantee on the services, support, and benefits you receive.

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